

LEEDS UNITED

Senior Secured Term Loan Facility and Preferred Stock Financing

This Letter of Intent dated as of 64 July, 2013 (this “**Letter of Intent**”) by and among PEAK6 Ludus Fund LLC, LUFC Holding Limited, Leeds City Holdings Limited, Leeds United Football Club Limited and, only for purposes of the immediately following paragraph and the exclusivity provisions hereof (those under the heading “Binding Provisions”), GFH Capital Limited (“**GFHC**”) and GFG Finance House, BSC (collectively with GFHC, “**GFH**”) sets forth the proposed terms of a senior secured term loan and preferred equity financing transaction as further detailed below (collectively, the “**Transactions**”).

This Letter of Intent is intended as an outline only and does not purport to summarize or contain all the conditions, covenants, representations, warranties and other provisions, which would be contained in the definitive legal documentation. The Obligors and GFH agree that this Letter of Intent is for their confidential use only, and may not be distributed, disclosed or summarized in any way, in whole or in part (other than to its advisors and shareholders for the purposes of considering and executing on the Transactions).

Borrower: Leeds United Football Club Limited (the “**Borrower**” and, together with the Guarantors, the “**Obligors**”). The parties may mutually agree to have Leeds City Holdings Limited be the Borrower and have Leeds United Football Club Limited be a Guarantor.

Guarantors: LUFC Holding Limited (“**Top Holdco**”) and Leeds City Holdings Limited (“**Lower Holdco**” and together with Top Holdco, collectively, “**Holdcos**”), Leeds United Financial Services Limited, Leeds United Media Limited, Yorkshire Radio Limited and Leeds United Centenary Pavilion Limited and each of the Borrower’s existing and subsequently acquired subsidiaries (collectively, the “**Guarantors**”) will guarantee all obligations under the Loan Facility.

The guarantees and also the security referred to in this Letter of Intent will all be granted subject to usual and customary terms and conditions typical for a financing of this nature.

Lender: PEAK6 Ludus Fund LLC (“**Lender**”).

Term Loan Facility: £13,250,000 senior secured term loan (the “**Term Loan**”).

Purpose/Use of Proceeds: The proceeds of the Term Loan will be used for working capital needs of Leeds United Football Club Limited (the “**Club**”).

Availability: From the date on which the conditions precedent are met to the date falling nine months after the Closing Date (provided no Event of Default has occurred), the Term Loan may be drawn down in installments of not less than £500,000 and no more than the lesser of the undrawn amount (less the interest holdback) and £2,000,000.

Maturity Date: Two years from the Closing Date.

Closing Date: The date on which the first loan is made (the “**Closing Date**”).

Interest Holdback: £2,385,000 of the loan amount shall be withheld as part of a one-and-a-half year interest rate reserve account, with the holdback amount (1.5 years of interest) being withheld from each draw request and not at Closing.

Interest Rate: Interest on each loan shall accrue at an annual rate (based on a 360 day year) of 12% on the outstanding daily balance of such loan. Accrued interest shall be due on September 30, December 31, March 31 and June 30. The first interest payment date must be no earlier than 3 months after the Closing Date.

Default Rate: Upon the occurrence and during the continuance of an Event of Default, with appropriate grace periods, cures and exclusions to be agreed, (other than one resulting from a Manager Failure, as defined below), the Term Loan interest rate shall become 18% per annum (based on a 360 day year).

Promotion Payment: If the Club promotes to the Premier League before or at the end of the 2018 season, the Lender will receive a reward payment equal to the greater of (i) £10,000,000 and (ii) £4,000,000 plus the value of 6% of the equity value of the Club after such promotion, pursuant to a valuation methodology to be determined and set out in definitive documentation. Such amount is payable from the first Premier League media payment received by the Borrower (if any), if permitted under applicable terms of that payment to it from the relevant Premier League entity, or if not permitted or if no such media payment is received, from other funds received or held by the Obligors (it being understood that such payments will be made in a way to avoid administration).

Voluntary Prepayments:

The Term Loan (if borrowed in whole or in part) may be prepaid in whole at any time prior to November 30, 2013 (the “**Long-Stop Date**”) if, by September 30, 2013, final definitive document with respect to the Equity Transaction (as defined below) has been signed (“**Final Equity Documents**”) and any closing after September 30th is of the transaction contemplated by the Final Equity Documents (the “**Equity Closing**”) on terms not materially different than as set forth therein; provided, however, that (i) such prepayment is for the full outstanding principal amount of the loans at that time, together with accrued interest through the repayment date, plus the reasonable costs of Lender, up to the Cost Cap, incurred in connection with negotiating and consummating the Transactions, plus the greater of (A) £600,000 and (B) 7.5% of the outstanding principal amount of the loans at the time of prepayment and (ii) the Lender is issued a senior note that entitles the Lender to a £10,000,000 payment on the same terms as “Promotion Payment” above if the Club is promoted to the Premier League before or at the end of the 2018 season. After September 30, 2013 (or November 30, 2013 if Final Equity Documents are executed on or prior to September 31, 2013), the Term Loan may not be repaid until maturity. In the event that the Term Loan is not borrowed in whole or in part, at the Equity Closing, Borrower shall pay Lender £600,000 plus the reasonable costs of Lender, up to the Cost Cap, incurred in connection with negotiating and consummating the Transactions.

Mandatory Prepayments:

The following mandatory prepayments will be required (subject to certain basket amounts to be negotiated in the definitive loan documents):

1. If the Borrower (i) sells, transfers or disposes of any property or asset (other than as permitted under the loan documents) and receives net cash proceeds, or (ii) without limitation of the applicable covenant restricting indebtedness, incurs any indebtedness (other than indebtedness permitted under the loan documents) without the prior written consent of the Lender and receives net debt proceeds, then the Term Loan shall be prepaid by an amount equal to such net cash proceeds or net debt proceeds.
2. Upon the occurrence of a casualty event relating to any property or asset, prepayment in an amount equal to 100% of cash casualty insurance proceeds, provided (x)

such property or asset has not been (or has not been committed to be) restored or replaced within twelve (12) months after the receipt of such proceeds, or (y) such proceeds have not been reinvested in a replacement asset, in which event the Loans shall be prepaid by such amount.

3. If the Club is relegated to League 1, a percentage (not less than 50% provided such percentage does not put the Club in risk of liquidation or administration or otherwise unable to pay its debts) of the proceeds from any player transfers or sales not contemplated in the then-current agreed Budget shall be used to prepay the Term Loan.
4. GFH Capital (or one or more of its affiliates) ceases to control the Borrower.

All mandatory prepayments will be applied without penalty or premium and will be applied to the principal amount of the Term Loan, and all accrued interest in the amount of the Term Loan being prepaid, and if any interest overpayment has occurred by virtue of the interest holdback, the amount of such overpayment shall be repaid to Borrower.

Conditions Precedent to Closing: Customary for facilities of this type and otherwise satisfactory to the Lender, including, without limitation:

- (i) Delivery of corporate documents, certificates and legal opinions from counsel to the Lender, all in form and substance reasonably satisfactory to the Lender;
- (ii) Execution and delivery of definitive legal documentation for the closing of the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Lender and its counsel;
- (iii) Payment of all fees and expenses then due and owing to the Lender and its counsel, up to the Cost Cap;
- (iv) Completion of legal, financial and operational due diligence (the general scope of which is agreed prior to the date of this Letter of Intent) in a matter satisfactory to the Lender (as determined by the Lender in its sole discretion);
- (v) Evidence of subordination of all existing indebtedness (other than trade payables incurred in

the ordinary course of business) of the Obligors to Lender (other than the £1,750,000 debenture to Compass and the Enterprise Loan of approximately £1,400,000);

- (vi) Completion of an agreed to Club budget for July 1, 2013 through July 1, 2014; and
- (vii) Appointment of the individual designated by the Lender to the position of Chief Operations Officer of Borrower and the Club and/or related consulting arrangement.

Security:

The Term Loan will be secured by a perfected first charge interest on all tangible and intangible assets of Borrower (including its interests in the Guarantors) and its respective leasehold interests, bank accounts and revenues.

Covenants:

The definitive loan documents for the Term Loan will contain such affirmative and negative covenants by each of the Borrower and the Guarantors as are usual and customary for financings of this kind (with usual and customary materiality, grace periods and exceptions to be agreed), including, without limitation:

- Affirmative covenants:

Affirmative covenants of the Borrower include the following: punctual payment; maintenance of office; books and records; delivery of consolidated financial statements and other reports of the Borrower; notification of any claims against collateral; notification of any claim or proceeding by the football governing body against the Borrower or the Guarantors; maintenance of existence; payment of taxes and claims; maintenance of properties; maintenance of insurance; inspections; compliance with laws, contracts, licenses and permits; employee matters; compliance with leases; and further assurances, including, in each case, exceptions and baskets to be mutually agreed upon.

- Negative covenants:

- a. Restrictions on indebtedness of the Borrower;
- b. Restrictions on liens;
- c. Restrictions on non-football investments;
- d. Restrictions on mergers and acquisitions;
- e. Restrictions to changes of the fiscal year;

- f. Limitation on transactions with affiliates;
- g. Limitation on any voluntary payment of any indebtedness of the Borrower if an Event of Default has occurred and is continuing or would result therefrom;
- h. Limitations on changes to certain material agreements; and
- i. Prohibitions on distributions and dividends;

in each case, exceptions, materiality and baskets to be mutually agreed upon.

There will be no financial covenants in the Term Loan.

Events of Default: The definitive loan documents for the Term Loan will include such events of default (and, as appropriate and usual, grace periods and materiality) as are usual and customary for financings of this kind, including, without limitation, failure to make payments when due; defaults under other agreements or instruments of indebtedness; noncompliance with covenants; breaches of representations and warranties; bankruptcy; judgments in excess of specified amounts; impairment of security interests in collateral; invalidity of guarantees. If the Lender accelerates the Loan Facility as a result of a continuing (i.e. non-remedied) Event of Default, it will then be permitted to enforce its security.

Subordination Agreement:

GFH and all other owners and affiliated entities of GFH and Borrower shall enter into a Subordination Agreement with Lender providing that all amounts due and owing to them (including the GFH shareholder loans) are expressly subordinate to the Term Loan and that no payment shall be made thereon until the Term Loan is repaid in full or as otherwise expressly permitted under the financing documentation.

Indemnity:

Borrower shall provide standard and customary indemnities for facilities of this type.

Transfers/assignments:

No party may assign or otherwise dispose of (whether by way of sub-participation, CDS or any other means) any of its rights or obligations without the prior written consent of the other party; provided that Lender may transfer or assign

its economic rights to its affiliates and may reorganize (and effect a transfer or assignment in connect therewith) as a private equity or hedge fund without the consent of any Obligor. Any purported transfer by a party in breach of this provision will be invalid.

Governing Law:

The Loan Documentation shall be governed by and construed in accordance with the laws of the United Kingdom.

Preferred Share Sale:

Top Holdco will, on the Closing Date, issue to Lender, in consideration of a £100,000 payment to be made in cash to Top Holdco and subsequently contributed down to the Club, preferred shares that: (i) are convertible at any time at the election of Lender into 20% of the fully-diluted ordinary shares of Top Holdco, (ii) would also have a liquidation preference, including in a sale, of two (2) times its face amount, and (iii) the proceeds of which shall be used for working capital needs of the Club. In the event that the Club or Borrowers consummate an equity financing transaction by November 30, 2013 in which they repay the Term Loan as specified above, Borrower must also repurchase the preferred shares for £100,000.

Control Rights

Lender and the Borrower will, prior to Closing, agree to a detailed operating budget and business plan for the Obligors for July 2013-July 2014 (the "Budget"). The business plan will include, among other things, ticket and marketing strategy, facility upgrades, head count by department and player salary budget.

A Shareholders Agreement will be entered into that provides for the following principal matters:

(i) The Obligors, through the CEO, will execute the football side operating plan within the agreed to budget and operating plan (including that player sales, transfers and signings not provided for in the operating plan require Lender approval).

(ii) A COO appointed by the Lender will execute the non-football side operating plan within the agreed to budget and operating plan (including ticket sales, merchandising, marketing, concessions, banking, cash management, human resources and finance) with consultation with, and input from, the CEO.

(iii) The CEO and COO will not have authority to act outside of the agreed budget or commercial plan, subject to a reasonable materiality threshold.

(iv) The CEO and COO will consult with each other on key matters and work together as requested by each other.

(v) On a monthly basis, the CEO and COO will report to Lender and Borrower's board on progress with achieving the plan and any deviations therefrom recommended.

(vi) Any material deviations from the budget and operating plan must be approved jointly by Borrower and GFH.

~~(i) PEAK6 Investments, L.P. will have the right to appoint/nominate a COO whose main areas of responsibility will be (and will have full authority over, after consultation with the CEO non-football personnel and non-football operations of the Borrower and the Guarantors. Certain of these functions may (by mutual agreement) be contracted to a commercial manager affiliated with the Lender (the "Commercial Manager");~~

~~(ii)(vii) the annual Budget will require approval of both parties, subject to the parties acting reasonably and in the best interests of the Club, with a usual mechanism for allowing business continuity in the event of deadlock on matters requiring agreement; and~~

~~the Lender will have veto rights on the following reserved matters: not provided for in the Budget or individually in excess of a threshold to be determined between the parties.~~

No Event of Default under the Term Loan shall arise that results (directly or indirectly) primarily from an intentional failure of the Commercial Manager to perform its obligations (a "**Manager Failure**").

BINDING PROVISIONS:

In consideration of the time and expense to Lender associated with its due diligence and other actions in connection with the Transactions, Holdco and the Borrower jointly and severally agrees, whether or not the Transactions are consummated: (i) to promptly pay the Lender's actual documented fees and expenses (including all reasonable legal fees) incurred in connection with the Transactions, up to an aggregate total amount of ~~£9110,000~~, net of tax, (the "**Cost Cap**"), and (ii) to unconditionally indemnify the Lender and its respective affiliates, officers, directors, employees, consultants, advisors, agents and representatives (each, an "**Indemnified Person**") in connection with considering the Transactions, which Indemnified Persons hereby have no liability for, and are held harmless against, any actual loss, liability, cost or expense incurred in connection with considering the Transactions contemplated herein; provided that, the foregoing indemnity will not, as to any Indemnified Person, apply to losses, liabilities, costs or expenses to the extent they arise from the willful misconduct, gross negligence or bad faith of such Indemnified Person. Holdco and Borrower shall pay £20,000 upon acceptance of this letter (the "**Work Fee**"). Such Work Fee shall be credited against the fees and expenses incurred in connection with the Transactions as set forth above (and therefore reduce the balance of the Cost Cap to ~~£790,000~~). Any amount of the Work Fee not actually applied towards reasonable and documented expenses of the Lender during the Exclusive Period shall, if the Closing Date has not occurred before the end of the Exclusive Period or (if earlier) if the Exclusive Period is terminated as described below, be repaid to the Borrower promptly. Lender agrees that, unless requested in writing by Borrower or the incurrence of such expenses is within the Work Fee, it will not incur external legal expenses or costs until after the Budget is agreed.

Subject to the immediately following two paragraphs, in consideration of the time and expense to Lender associated with the performance of its due diligence and other actions in connection with the Term Loan, for a period of 21 days commencing on the date of Borrower's acceptance of this letter of intent (the "**Exclusive Period**"), GFH, Holdco and the Borrower will not, and agree to cause the Guarantors and each of their respective representatives, directors, shareholders, officers, agents and employees to not, directly or indirectly, initiate, solicit, offer, seek or encourage any inquiry, proposal or offer from, participate in any discussions or negotiations with, or furnish or provide any information to, any person or entity, other than Lender and its officers, employees, representatives and agents, concerning any proposal, arrangement or agreement with respect to or concerning any debt (including debt, securitization or similar financings) or equity financings or acquisitions (other than ordinary common shares) of any of the equity (other than ordinary common shares) or assets of the Borrowers or Guarantors whether directly or indirectly, by lending facility, securitization, factoring, credit agreement, merger, tender offer, purchase, statutory share exchange, joint venture or otherwise (collectively any such transition, a "**Covered Transaction**"). During the Exclusive Period, GFH, Holdco and the Borrower agree that Lender will have exclusive right to negotiate and enter into an agreement with respect to a Covered Transaction. During the Exclusive Period, GFH, Holdco and the Borrower agrees to notify Lender immediately upon the receipt of any communications from third parties regarding any Covered Transaction, and the contents thereof. GFH, Holdco and the Borrower will, and will cause each of the Guarantors and their respective representatives, directors, officers, agents or employees to, immediately suspend and not engage all such discussions or negotiations that may be in progress as of the date hereof.

The foregoing paragraph does not apply to any “**Excluded Transaction**”, which is any transaction that involves the outright sale of ordinary shares in the Borrower, Top Holdco or Lower Holdco (an “**Equity Transaction**”).

The Exclusive Period will end immediately upon written notice from Borrower to Lender at any time after the occurrence of any of the following circumstances.

- (a) the Lender not delivering a first draft Term Loan Agreement and a first draft Share Acquisition and Shareholders Agreement to the Borrower by the end of the day on the date falling one week after the Budget is agreed to (if such date occurs) date (the “**Start Date**”) on which the Lender has been given access to the electronic due diligence data room with responses and documents fully responsible to all data requests included therein (it being understood and agreed that the start date has not occurred as of the date hereof), unless Borrower’s counsel drafts such first drafts in which case this paragraph (a) shall not apply;
- (b) no agreement being reached on the Budget by the end of the day on the date falling 10 days after the date (the “**Start Date**”) on which the Lender has been given access to the electronic due diligence data room with responses and documents fully responsible to all data requests included therein (it being understood and agreed that the Start Date has not occurred as of the date hereof) ~~Start Date~~, unless the cause of the failure to reach such agreement is due to the Borrower’s or its shareholders being unreasonable or failing to devote all reasonable efforts to reaching such agreement; or
- (c) the Lender has not confirmed in writing to the Borrower that it has completed and is satisfied with the due diligence for the Transactions by the end of the day on the date falling 14 days after the Start Date, unless the cause of such failure to so notify Borrower is due to the Borrower’s or its shareholders not using reasonable efforts to deliver diligence documents and/or respond to diligence requests.

Notwithstanding the foregoing provisions relating to costs, the Borrower will not be liable for any costs of the Lender that are incurred after the end of the Exclusive Period, unless otherwise separately agreed in writing by the Borrower at the relevant time.

Except for the immediately preceding four paragraphs (under the heading “Binding Provisions”) relating to expenses and exclusivity and this paragraph, which are binding obligations, this Letter of Intent does not give rise to a binding commitment on the part of the Lender, GFH or the Borrower with regard to the Transactions. A binding commitment with respect to the Transactions will result only from the execution and delivery of a definitive term loan agreement and share purchase agreement by the Lender and Borrower after completion of Lender’s due diligence. For this purpose, a definitive term loan agreement and/or share purchase agreement does not include an executed letter of intent or any other preliminary written agreement, nor does it include any oral or written agreement in principle or acceptance of an offer or bid by any party. This Letter of Intent does not constitute a commitment on the part of Lender to arrange, provide or place all or any portion of the financings contemplated herein on the terms described herein or otherwise. Without limiting the foregoing, any such commitment would be subject to the due

diligence described above and negotiation and execution of definitive documentation satisfactory to the Lender and its counsel.

ACCEPTED AND AGREED AS OF THE DATES SET FORTH BELOW

PEAK6 LUDUS FUND LLC

By: PEAK6 Investments L.P., its managing member

By: _____
Name:
Title:

LUFC HOLDING LIMITED

By: _____
Name: _____
Title: _____

LEEDS CITY HOLDINGS LIMITED

By: _____
Name: _____
Title: _____

LEEDS UNITED FOOTBALL CLUB LIMITED

By: _____
Name: _____
Title: _____

ONLY FOR PURPOSES OF THE SECOND PARAGRAPH AND THE BINDING PROVISIONS HEREOF:

GFH CAPITAL LIMITED

By: _____
Name: _____
Title: _____

GFG FINANCE HOUSE, BSC

By: _____

Name: _____

Title: _____